

As Chinese President comes to Capitol Hill, Slaughter Talks Tough on Currency Manipulation

WASHINGTON – Congresswoman Louise Slaughter (NY-28) today said that she hopes the Chinese government will finally halt their practice of undervaluing their currency in an attempt to increase exports and undercut American workers. Her remarks came following President Hu's visit to Washington.

“In light of President Obama's frank discussion with President Hu Jintao regarding currency manipulation, I hope to see improvements from the Chinese government,” said Slaughter. “The trip needs to be about more than just a state dinner and a few airplanes; it has to be about a real effort to improve the trade imbalance which has cost America and Western New York jobs.”

In [remarks](#) made earlier in the week at a joint press conference, President Obama said he “told President Hu that we welcome China's increasing the flexibility of its currency,” and that “the currency issue is a part of the problem. The RMB is undervalued. The Chinese government has intervened very forcefully in the currency markets. They've spent \$200 billion just recently, and that's an indication of the degree to which it's still undervalued.”

Last year, the U.S. trade deficit with China was over \$252 billion and is only expected to increase. American trade with China can only become more balanced if China lives up to its WTO obligations by ceasing to manipulate their currency and opening their markets to foreign competition.

On Tuesday, Slaughter joined with 83 House colleagues writing to President Obama urging him to confront the Chinese President on currency manipulation. The letter said,

“We can no longer afford to tolerate China’s disregard for the binding commitments they agreed to as part of their accession to the World Trade Organization in 2001. These standards are in place to ensure that countries do not illegally advantage their economies at the expense of others, and China’s unwillingness to play by the rules is unfairly shuttering U.S. businesses and putting Americas out of work. Ten years is more than enough time for China to have implemented its WTO commitments.”

The full text of the letter sent to President Obama is included below.

January 18, 2011

President Barack Obama

The White House

1600 Pennsylvania Ave.

Washington, D.C. 20500

Dear President Obama:

In your upcoming meetings with Chinese President Hu Jintao, we know that you will express concerns about China’s persistent violation of international trade law. It is vital, however, to impress upon President Hu that America’s patience is near an end and that we can no longer afford to tolerate China’s disregard for the binding commitments they agreed to as part of their accession to the World Trade Organization in 2001. These standards are in place to ensure that countries do not illegally advantage their economies at the expense of others, and China’s unwillingness to play by the rules is unfairly shuttering U.S. businesses and putting Americans out of work. Ten years is more than enough time for China to have implemented its WTO commitments.

Numerous economic policies in China violate their WTO commitments, and all of them harm U.S. businesses and employment. Its currency is manipulated by as much as 40 percent, and its low value helps to China to maintain its status as the world's biggest exporter. Its paper sector benefits from illegal subsidies that have allowed the industry – which lacks natural forest reserves and a competitive advantage – to become the world's largest paper producer. China's green energy companies also enjoy illicit subsidies, as well as interest-free, government loans, at the direct expense of U.S. competitors. Their limit on the exportation of rare earth materials puts U.S. high-tech companies at a severe disadvantage. And widely applied technology transfer requirements mean U.S. companies doing business in China often have to share their research and development in order to operate there, only to face competition down the road from Chinese companies using the very same U.S.-developed technology.

These, alongside a long list of other WTO violations, harm our workers by putting U.S. companies out of business and impeding our economic recovery efforts. We applaud your Administration's effort to take enforcement action on some of these violations. But the problem with China cannot be solved by a piecemeal enforcement approach. It is no coincidence that our trade deficit with China has nearly tripled since they joined the WTO. Nor is it a coincidence that employment in our manufacturing sector has declined by more than 25% in the same period. Achieving the goal of your National Export Initiative of doubling U.S. exports is impossible without addressing China's predatory, protectionist, and illegal policies that not only limit our access to their market, but also limit our opportunities in other markets around the globe.

The USTR report issued last month on China's WTO compliance confirms that getting China to live up to its WTO commitments is one of the "critical challenges facing the United States." We could not agree more. Ensuring that China abides by international trade laws is imperative for the vitality of our nation's economy and for the viability of American businesses. We believe President Hu should hear this message in no uncertain terms.